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COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6115

MAJORITY (202) 225-2927
FACSIMILE (202) 225-2525
MINORITY (202) 225-3641

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October 5, 2010

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The Honorable Rick Perry
Office of Governor Rick Perry
P.O. Box 12428
Austin, TX 78711

Dear Governor Perry:

By signing into law the *Patient Protection and Affordable Care Act* (P.L. 111-148) and the *Health Care and Education Reconciliation Act of 2010* (P.L. 111-152), President Obama set into motion a far-reaching reorganization of the health care sector of the American economy. Much of the responsibility for – and the cost of – implementing these new provisions will fall to the states. Given the important role states play in implementing the legislation and the difficult budgetary situation in many states, Congress must understand the impact of the legislation on each state's budget and what steps each state will take in order to finance these additional outlays. We have seen a wide range of state cost projections from the Congressional Budget Office (CBO), CMS Office of the Actuary, Kaiser Commission on Medicaid and the Uninsured, and Heritage Foundation. However, we know the best experts on this issue are the states themselves, and thus, we are requesting the assistance of all 50 states and the District of Columbia in order to better understand how this legislation will affect state budgets over the next several years.

To assist us in understanding the impact of the *Patient Protection and Affordable Care Act* (P.L. 111-148) and the *Health Care and Education Reconciliation Act of 2010* (P.L. 111-152), we respectfully request the following data and information:

1. The projected total increase in outlays by your state that will result from P.L. 111-148 and P.L. 111-152. Please provide annual projections through at least 2023 and include all costs of compliance, including administrative costs. Please include a breakdown of staffing requirements, the cost of new enrollment systems (if needed by your state to accommodate the new enrollment and eligibility requirements), and an explanation of other administrative costs that may be incurred by the state.


2. The projected number of additional enrollees in your state's Medicaid program and the resulting increase in state outlays that will result from the mandated expansion of Medicaid eligibility to 138 percent of the federal poverty level based on modified adjusted gross income (as defined in Section 1004 of P.L. 111-152) and the requirement for individuals to maintain minimum essential coverage (Sections 1501, 2001, and 10201 of P.L. 111-148 and Section 1201 of P.L. 111-152). Please provide annual projections at least through 2023 and divide your projections using the following categories: (1) the expansion population (individuals made newly eligible by the law); (2) the crowd-out population (individuals who: (a) will lose access to their current health insurance coverage and be automatically enrolled in Medicaid; (b) have private coverage but will drop it to enroll in Medicaid; and (c) individuals who will enroll in Medicaid after their employer drops coverage due to higher costs of providing coverage; and (3) the eligible-but-unenrolled population (individuals who were eligible for Medicaid coverage before passage of the law and enroll in Medicaid to avoid the penalty in Section 1501 of P.L. 111-148). As you may know, the state will immediately incur the full cost of the state match for the eligible-but-unenrolled population, including those who enroll this year. To the extent possible, please include an assumption as to the incremental cost of this population to the state in the current fiscal year, and in future years.
3. Given the increased percentage of items and services that will be financed by the Medicaid program in your state and the new definition of "medical assistance" imposed by Section 2304 of P.L. 111-148, do you anticipate that the state's potential legal exposure will lead to increased reimbursement rates for Medicaid-covered items and services? If so, what impact do you project these increases will have on state Medicaid spending? Please provide annual projections at least through 2023. It would be helpful for you to describe your state's perspective on the new, expansive definition of "medical assistance" and the legal exposure you perceive your state may have in the event a Medicaid beneficiary is unable to access a service due to low rates, now that Medicaid beneficiaries have the standing to file suit in federal court. Do you anticipate additional access-to-care suits being filed due to this new definition?
4. The projected reduction in federal Medicaid Disproportionate Share Hospital (DSH) payments (Section 1203 of P.L. 111-152). Please provide annual projections at least through 2023. The legislation provides broad latitude for the Secretary of HHS to establish how the reductions to DSH will take place. Please make your assumptions based on the available information. Given that each state uses DSH in different ways and that 23 million individuals will remain uninsured in 2019 according to the Congressional Budget Office, please describe how reductions to DSH will impact your safety-net hospitals.
5. The number of additional enrollees in the Children's Health Insurance Program (CHIP). Please provide annual projections of enrollment and state costs through 2016.
6. Under Section 10203 of P.L. 111-152, all federal funding for CHIP will expire on September 30, 2015. Do you anticipate that your state will continue providing CHIP coverage after federal funding for the program expires? If not, how do you anticipate


providing coverage for these previously enrolled individuals? Please provide annual cost projections for this population from 2016 through 2023.

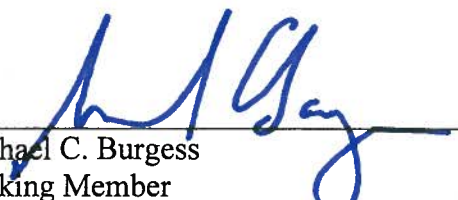
7. The projected cost of creating and operating an American Health Benefits Exchange (Section 1311 of P.L. 111-148). Please provide annual projections at least through 2023.
8. The projected impact on the costs of providing health insurance coverage to state employees and their eligible family members (Sections 1001, 1101, 1201, 1301, 1302, and 1513 of P.L. 111-148).
9. How your state anticipates it will finance the costs imposed by P.L. 111-148 and P.L. 111-152?

Although many of these projections may have been completed by your staff already, some projections may take more time. Accordingly, please provide all currently available data by October 19, 2010, and provide us with a timeframe for compiling the remaining information. We look forward to your response.

Sincerely,



Joe Barton
Ranking Member

John Shimkus
Ranking Member
Subcommittee on Health

Michael C. Burgess
Ranking Member
Subcommittee on Oversight and Investigations

cc: The Honorable Henry A. Waxman, Chairman

The Honorable Frank Pallone, Chairman
Subcommittee on Health

The Honorable Bart Stupak, Chairman
Subcommittee on Oversight and Investigations